



An Investment Option for Local Governments

Presented by:

Cindy Barger
Director, TrustINDiana
Indiana State Treasurer's Office

Summary



- Program Highlights
 - LGIP Overview
 - Portfolio Update
 - Introducing TrustINDiana PLUS+ Term Series
-

General Information

- Authorized by the Indiana General Assembly's passage of Indiana Code 5-13-9-11 during its 2007 session.
 - TrustINDiana launched in February of 2008 after an extensive due diligence and development process.
 - TrustINDiana is open to all local units of government including the State of Indiana.
 - Participants share a common pool of investments that emphasize:
 - 1 **Safety** – preservation of principal
 - 2 **Liquidity** – same-day access to funds
 - 3 **Yield** – maximize returns using economies of scale
-

Program Highlights



Safety

With TrustINDiana, the [safety](#) of public funds is paramount.

- ✓ Invests strictly in securities allowable by Indiana law
 - ✓ Assets held by a third-party custodian (Bank of New York)
 - ✓ Fund portfolio managed by professional team with over 20 years of experience
 - ✓ Annual audit performed by an independent auditing firm
 - ✓ At least 50% of portfolio funds held in Indiana banks
-

Program Highlights



Liquidity

TrustINDiana offers daily [liquidity](#) to all Participants.

- ✓ Actively managed to ensure that cash is readily available
- ✓ Dollars invested today are available tomorrow with interest
- ✓ No withdrawal penalties
- ✓ No transaction or wire fees*
- ✓ Maximum weighted average maturity (WAM) of 60 days or less

*You may incur fees associated with wires and/or ACH transactions by your bank, but there will be no fees charged from TrustINDiana for such transactions.

Program Highlights



Yield

Program optimizes [yield](#) while maintaining safety.

- ✓ TrustINDiana yield has steadily risen over the past year*
- ✓ Serves as a diversification tool and offers larger scale investment options to smaller entities
- ✓ Portfolio managers have extensive fixed-income/public-sector experience
- ✓ Returns are calculated and paid daily

*Based on average monthly yield increase. Any financial and/or investment decision should be made only after considerable research, consideration, and involvement with an experienced professional engaged for the specific purpose. **Past performance is not an indication of future performance. Any financial and/or investment decision may incur losses.** Performance results are shown net of all fees and expenses and reflect the reinvestment of dividends and other earnings. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments.

Program Highlights



Convenience

TrustINDiana was designed with **convenience** in mind.



MYACCESS allows for fast, easy, and secure online transaction processing and reporting access



Funds are transferrable via wire or ACH



Experienced and professional client service team

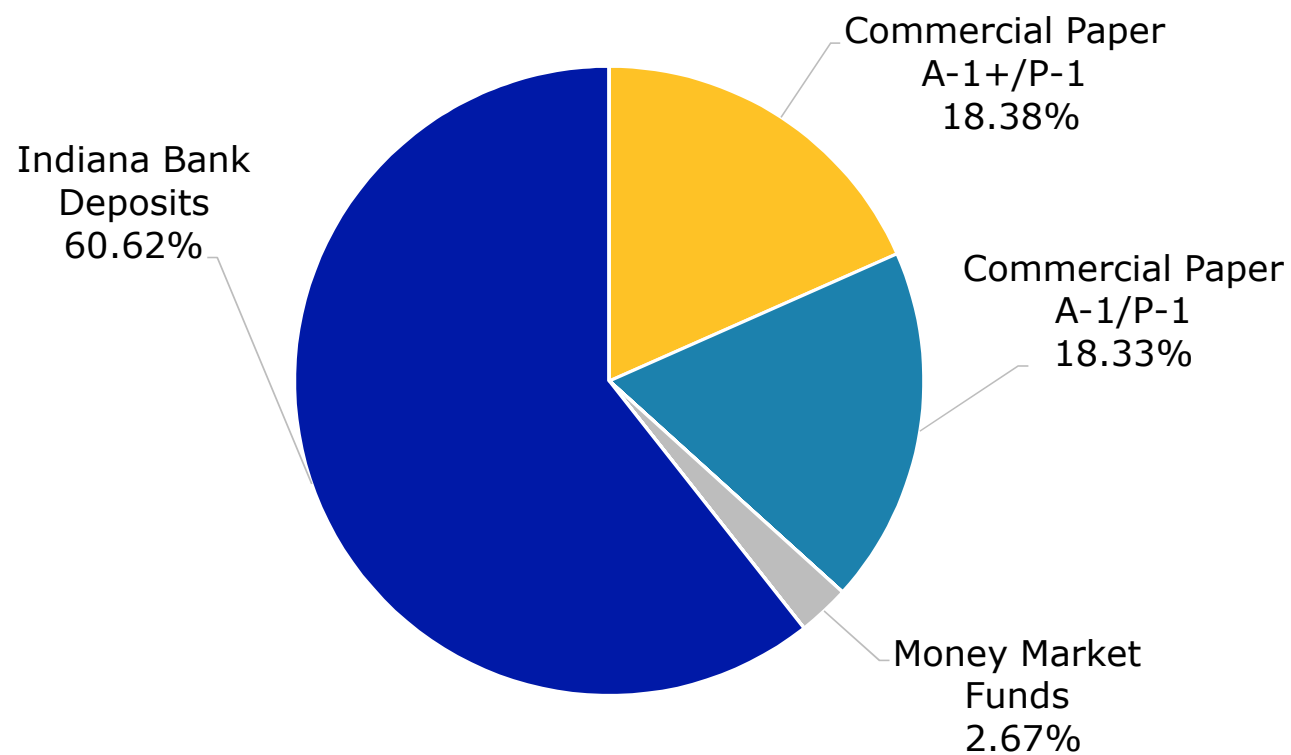


Monthly reporting, newsletters, economic updates, and yield information all available online or via email

Portfolio Breakdown



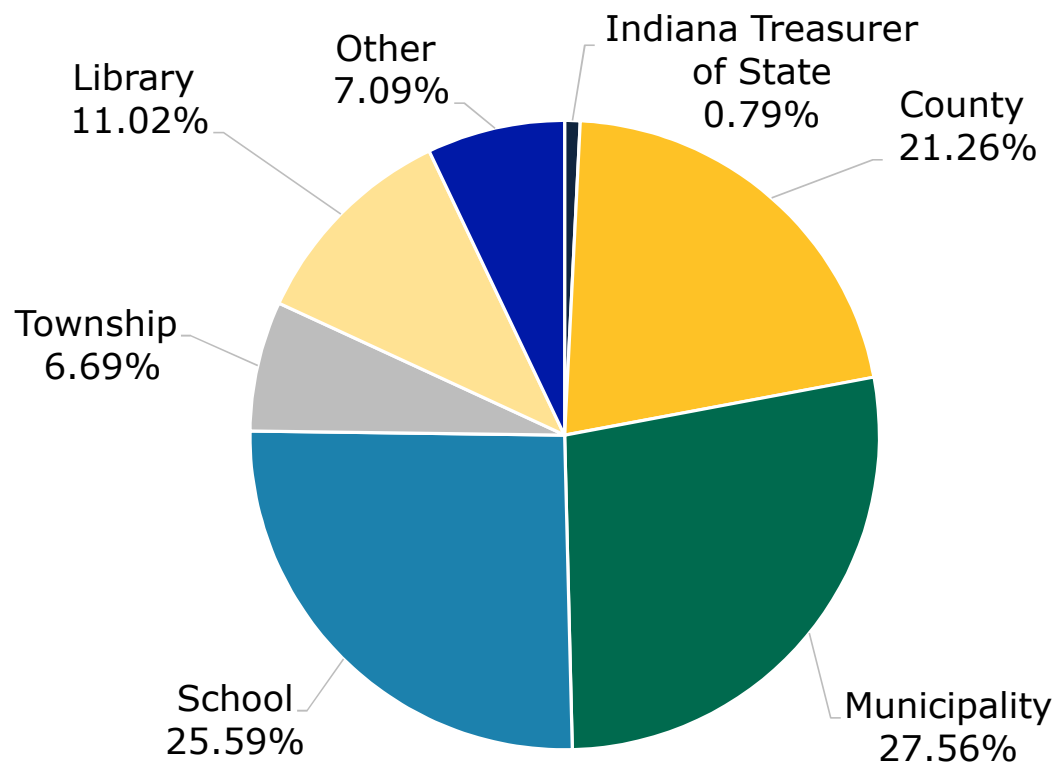
Asset Allocation as of April 30, 2018



Participant Breakdown



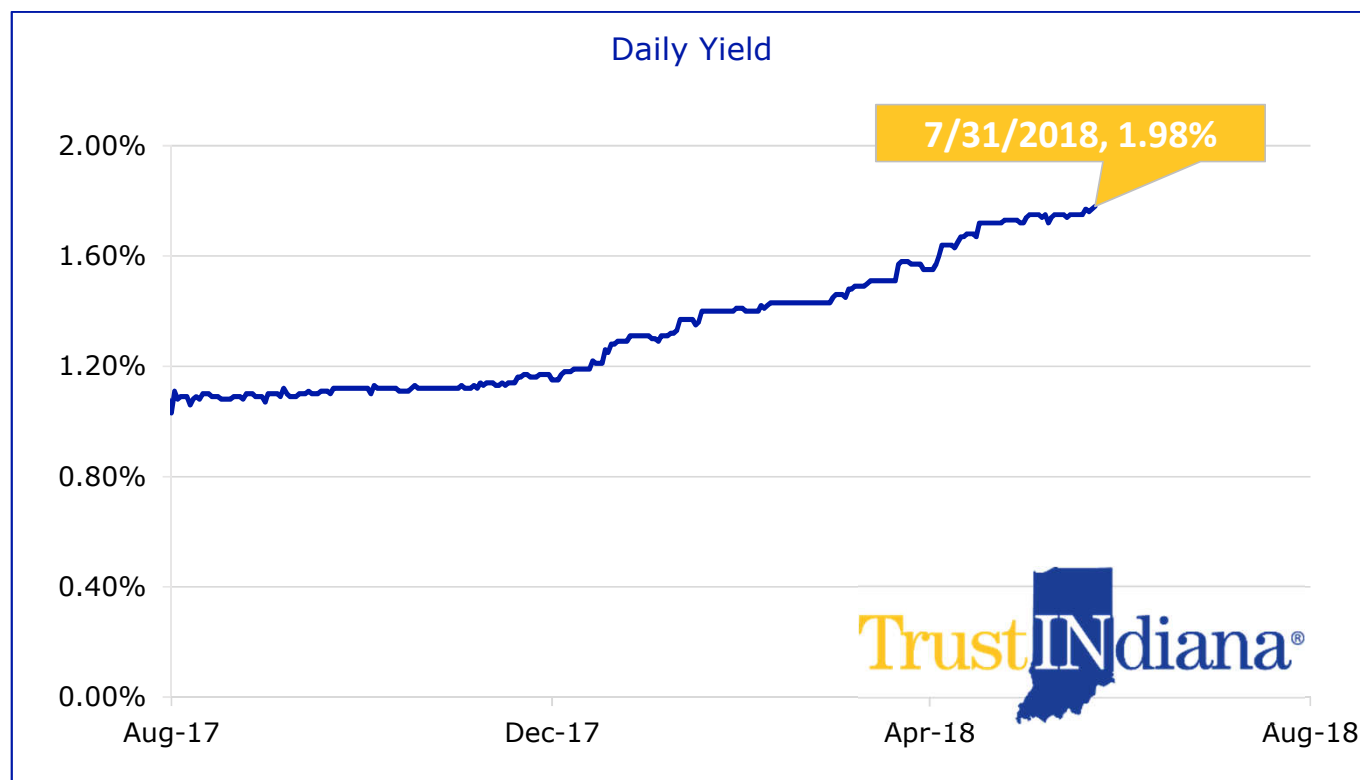
Accounts by Entity Type as of April 30, 2018



Performance



TrustINDiana Daily Yield



Source: Public Trust Advisors, LLC *Data unaudited. Performance results are shown net of all fees and expenses and reflect the reinvestment of dividends and other earnings. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. **Past performance is no guarantee of future results. Any financial and/or investment decision may incur losses.**

What Could Your Earnings Look Like?



From January 1, 2017 – December 31, 2017, the Participants in TrustINDiana collectively earned \$6,724,760.52 in interest.

If you were to invest any of the following amounts in TrustINDiana for the entire year of 2017, here is what you would have earned on your investment:

\$10,000= \$94.53

\$100,000= \$945.26

\$1,000,000= \$9,452.64

\$10,000,000= \$94,526.43

*Data unaudited. Performance results are shown net of all fees and expenses and reflect the reinvestment of dividends and other earnings. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. **Past performance is no guarantee of future results. Any financial and/or investment decision may incur losses.** Daily yield is the dividend factor multiplied by the number of days in the year.

How to open Your TrustINdiana Account



It's Easy!

- 1 See registration forms in packet provided (or online) and complete:
 - Account setup, key contact/authorized signers, bank authorization, subaccounts
- 2 Finalize with authorized signature, and email or fax paperwork to Client Services:
 - Account can be ready for use as soon as the next business day
 - No resolution or ordinance required

For questions about the registration process, please contact:

Cindy Barger

Director, TrustINdiana
200 W. Washington St.
Statehouse 242
Indianapolis, IN 46204
Phone: (888) 860-6242
Email: cbarger@tos.in.gov



TrustINdiana PLUS+ Term Series

Overview



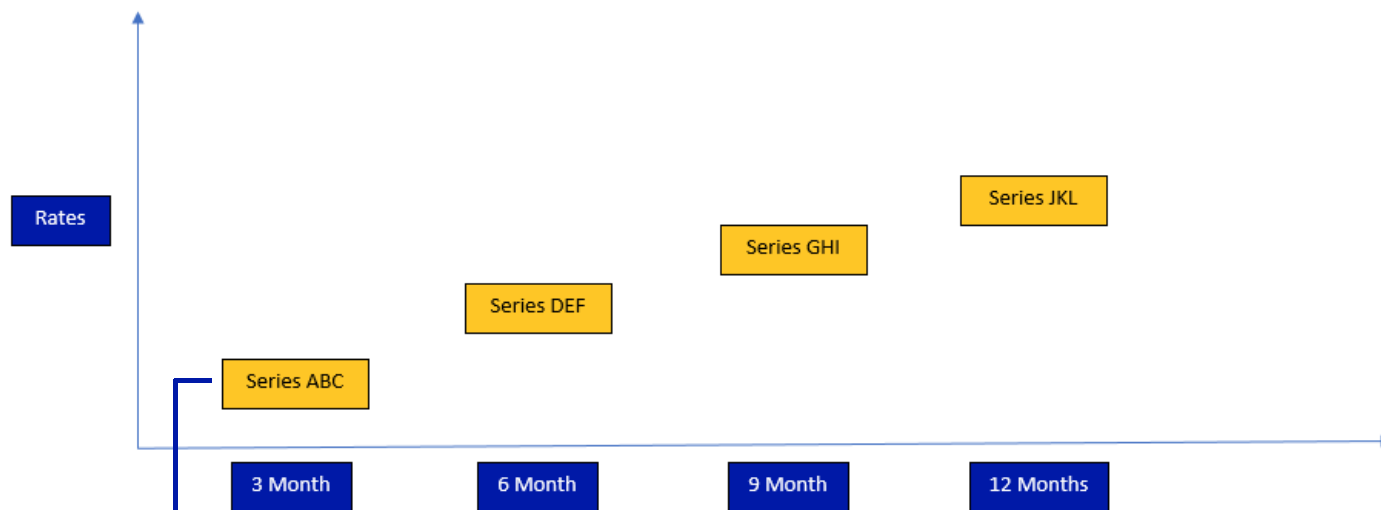
- The TrustINDiana PLUS+ Term Series program is designed to complement the existing TrustINDiana overnight liquidity program by offering longer dated fixed-income investment options.
 - The program allows Participants to benefit from the pooling concept to garner economies of scale to purchase specific term series with maturities ranging from 90–365 days (3-, 6-, 9-, and 12-month).
 - The TrustINDiana PLUS+ Term Series will be owned by one or more TrustINDiana Participant but will be separate and distinct from the main TrustINDiana fund.
 - All PLUS+ Term Series transactions will flow through Participants' existing TrustINDiana accounts.
-

Overview



- PLUS+ Term Series will be offered to all TrustINDiana Participants twice a month. Subscription dates are tentatively scheduled for the 10th and 20th business days of the month.
 - A projected rate of return is determined when investments are executed for each PLUS+ Term Series and is declared and paid on the agreed upon maturity date.
 - PLUS+ Term Series can own any eligible investments that are otherwise permissible within the TrustINDiana Investment Policy including U.S. treasury obligations, federal agency obligations, high-grade commercial paper (at least A1/P1), or bank deposits from eligible Indiana-based banks.
 - Prior to investing, prospective investors will be required to review the TrustINDiana PLUS+ Term Series Information Statement and to complete a PLUS+ Term Series Registration Form.
-

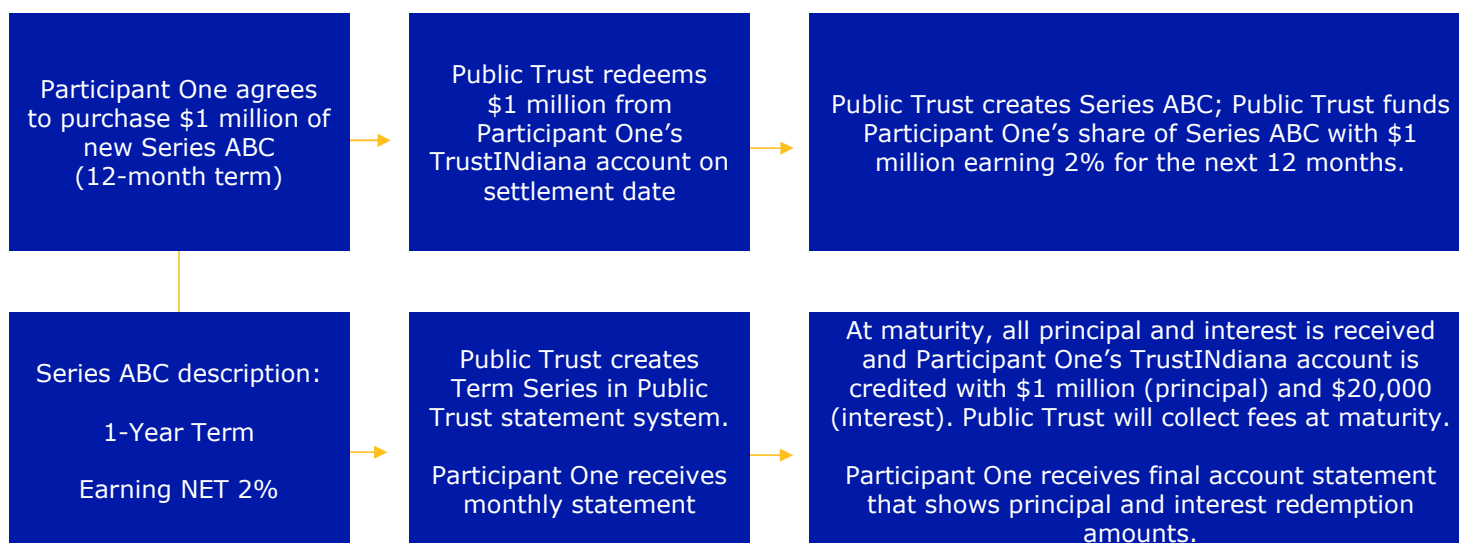
Sample Subscription and Execution



Example of Subscription and Execution

- Five Participants subscribe for \$1,000,000 each for a total of \$5,000,000.
- On the 5th or 20th day of the month, the TrustINDiana Investment Advisor (Public Trust Advisors) executes a bundled transaction to purchase \$5,000,000 of eligible term investments.
- Once investments are purchased, Public Trust will create Series 1ABC 1, 1ABC 2, 1ABC 3, 1ABC 4, and 1ABC 5.
- All investments will be purchased in aggregate; however, each Participant will own a specific series that can easily be traced directly to them.
- Being able to trace exactly how much each Participant owns is very important especially if a Participant redeems their series prior to maturity.

Transactional Overview



How to open Your TrustINDiana PLUS+ Account



- 1 Review the TrustINDiana PLUS+ Term Series Information Statement.
 - 2 Review and execute the TrustINDiana PLUS+ Term Series Account Registration Form.
 - 3 Ensure that your funds are in your TrustINDiana account prior to the 5th or 20th of the month.
 - 4 Send registration paperwork to: termseries@trustindiana.in.gov
-

Questions/Comments



We can answer any questions you may have!

Cindy Barger

Director, TrustINDiana
Office of the Treasurer of Indiana
200 W Washington St.
242 Statehouse
Indianapolis, IN 46204
(888) 860-6242
cbarger@tos.in.gov
www.trustindiana.in.gov

Adam McCauley

Regional Director, Marketing
Public Trust Advisors, LLC
7216 Osceola Drive
Cincinnati, OH 45243
(513) 633-1400
adam.mccauley@publictrustadvisors.com
www.publictrustadvisors.com

Disclaimer



This presentation is for informational purposes only. All information is assumed to be correct, but the accuracy has not been confirmed and therefore is not guaranteed to be correct. Information is obtained from third party sources that may or may not be verified. The information presented should not be used in making any investment decisions and is not a recommendation to buy, sell, implement, or change any securities or investment strategy, function, or process. Any financial and/or investment decision should be made only after considerable research, consideration, and involvement with an experienced professional engaged for the specific purpose. All comments and discussion presented are purely based on opinion and assumptions, not fact. These assumptions may or may not be correct based on foreseen and unforeseen events. All calculations and results presented are for discussion purposes only and should not be used for making calculations and/or decisions.

The investment advisor providing these services is Public Trust Advisors, LLC (Public Trust), an investment adviser registered with the U.S. Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940, as amended. Registration with the SEC does not imply a certain level of skill or training. Public Trust is required to maintain a written disclosure brochure of our background and business experience. If you would like to receive a copy of our current disclosure brochure, privacy policy, or code of ethics, please contact us.

The data in this presentation is unaudited.

Performance results are shown net of all fees and expenses and reflect the reinvestment of dividends and other earnings. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. **Past performance is no guarantee of future results. Any financial and/or investment decision may incur losses.**



Banking & Investments

And the Indiana code



Office of the Indiana
Treasurer of State

AUTHORIZED BANK PRODUCTS (DEPOSIT ACCOUNTS)

See IC 5-13-4-7

- DDA Checking Accounts
- Negotiable order of withdrawal (NOW) accounts
- Passbook savings accounts
- Certificates of Deposits (CDs)
- Money Market Accounts
- Any Interest – bearing account that is authorized and offered by a financial institution in the course of its respective business
- Transaction Account (IC 5-13-4-24)
 - Any deposit account other than a CD

PDIF INSURED ACCOUNTS

Make sure your deposits are PDIF insured

- Are they Public Funds? (IC 5-13-4-20)
 - Fees and funds in the possession of a “Public Officer” by virtue of that office.
 - Public Officer defined in IC 5-13-4-21
- Is the financial institution an approved depository?
www.in.gov/tos/deposit/files/approveddepositories.pdf

PDIF covers losses above FDIC limits

- FDIC coverage of \$250,000 per depositor

TRANSACTION ACCOUNTS

See IC 5-13-9-4(a)

Special rules for political subdivisions

- Must establish transaction accounts in depositories with branches within political boundaries
- Exception for political subdivisions that cross county lines or those without a depository within its boundaries (or only one), or if no depository will offer a transaction account

**Does not apply to
county hospitals**

CERTIFICATE OF DEPOSIT REQUIRED PROCEDURES

See IC 5-13-9-4(b)

Every investing officer must obtain 3 quotes on the specific rate of interest for the term of the certificate of deposit

- The quote may be taken by phone
- The quote must be recorded in a memorandum
- The quote must be retained as a public record
- If the deposit is not placed in the institution quoting the highest rate, the fiscal officer must note the reason why
- Can invest in CDs from any depository on state's approved list if county commissioners or political subdivision's fiscal body passes resolution authorizing it (renewed every two years)

See IC 5-13-9-5 (A)

MONEY MARKET MUTUAL FUNDS

See IC 5-13-9-2.5

Money Market Mutual Fund requirements:

- Must be rated AAA, or its equivalent, by Standard & Poors or Aaa, or its equivalent by Moody's
- Purchase, sells, or holds direct obligations of the United States Treasury or other obligations issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise
- Must be purchased through an institution on the state's approved depository list
- Must have a final stated maturity of one day

INVESTMENTS IN ELIGIBLE SECURITIES

See IC 5-13-9-2

Securities backed by the full faith and credit of the United States Treasury or fully guaranteed by any of the following:

- The United State's Treasury (Notes and t-bills)
- Federal agency (Government National Mortgage Agency)
- Federal Instrumentality
- Federal government sponsored enterprise (Federal Home Loan Bank)
- Securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a government sponsored enterprise
- Certain municipal securities - **See IC 5-13-9-2 (a)(3)**

SECURITIES – CRITICAL CRITERIA

- Use of a broker-dealer that is SEC licensed
- Use of a custodial bank that is on the state's approved depository list or has combined capital and surplus of at least \$10 million
- Securities may have a maximum maturity of 2 years unless authorized (up to 5 years) by a properly adopted investment policy under 5-13-9-5.7

REPURCHASE AGREEMENTS

See IC 5-13-9-3

- An agreement involving the purchase and guaranteed resale of securities
- Can be a one time commitment or an ongoing commitment
- Must have a final stated maturity of one day (overnight)
- Must be fully collateralized
- Must be made through a depository on the state's approved depository list

LOCAL GOVERNMENT INVESTMENT POOL

See IC 5-13-9-11

- Established within the office and custody of the treasurer of state
- An officer may pay any funds held by the officer into the investment pool for the purpose of deposit, investment, and reinvestment of the funds by the Treasurer of State on behalf of the unit of government paying the funds into the investment pool

LOCAL BOARD OF FINANCE

See IC 5-13-4-18

Local Board of Finance Members

Each local board of finance *SHALL* meet annually after the first Monday on or before the last day of January to complete the following:

- From the board's membership, elect a president and a secretary
- Receive and review the report required by IC 5-13-7-7
- Review the overall investment policy
- The report must contain a summary of all investments made during the previous calendar year

Cities, towns,
and county
hospitals are
exempt from
meeting
requirements

Local Board of Finance Responsibilities

Each local board of finance *SHALL* meet annually after the first Monday on or before the last day of January to complete the following:

- From the board's membership, elect a president and a secretary
- Receive and review the report required by IC 5-13-7-7
- Review the overall investment policy
- The report must contain a summary of all investments made during the previous calendar year

Consult your county attorney or counsel regarding this requirement

POLITICAL SUBDIVISION INVESTMENT POLICY

See IC 5-13-9-5.7

The fiscal body of a subdivision may adopt an investment policy authorizing the investment of public funds of the political subdivision for more than 2 years and not more than five years.

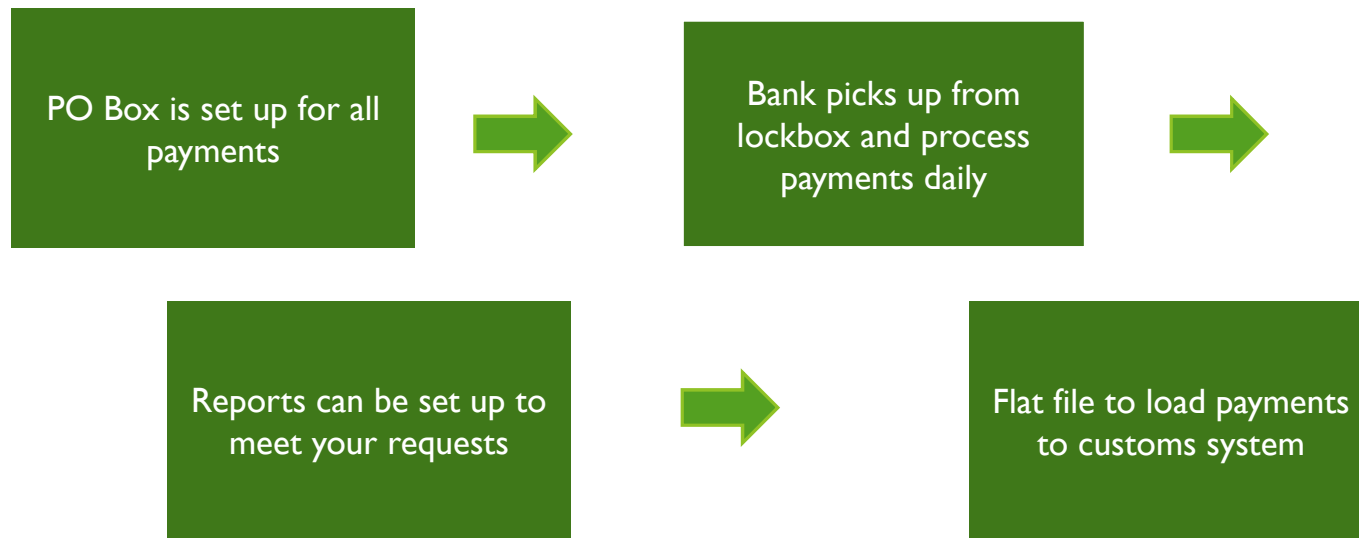
The policy must:

- Be in writing
- Be adopted at a public meeting
- Provide for investment of public funds with the approval of the investment officer
- Provide that the investments must be made in accordance with this article
- Limit the total investments outstanding under this section to not more than 25% of the total portfolio of public funds invested by the political subdivision including balances in transaction accounts
AND
- State a date on which the policy expires, which may not exceed four years

BANKING SERVICES & TREASURY MANAGEMENT

- Questions on banking services:
 - Deposit accounts
 - Lockbox
 - Remote capture
 - Positive pay
 - ACH and wire transfers
 - Charge Cards processing
 - E-Check payments
 - Direct deposit
- Suggestions on improving the processing of revenue or payments. Ways to decrease bank fees. Possibly earn interest on checking accounts to help offset fees.
- General operation questions both for accounts receivable and accounts payable.
- Contact Kim Logan at 317-233-0921 or email Klogan@tos.in.gov

BANKING SERVICES: LOCKBOX



BANKING SERVICES: REMOTE CAPTURE

Remote capture/Image Transmission is the process of scanning and transmitting electronic images of paper checks to financial institutions

Scan checks
through a
scanner on
location

Report is
created by
batch

Funds are
directly
deposited to
operating
checking acct

Quicker access
to funds for
investment
purposes

Earlier
notification of
returned items

Online access
to check
images and
deposits

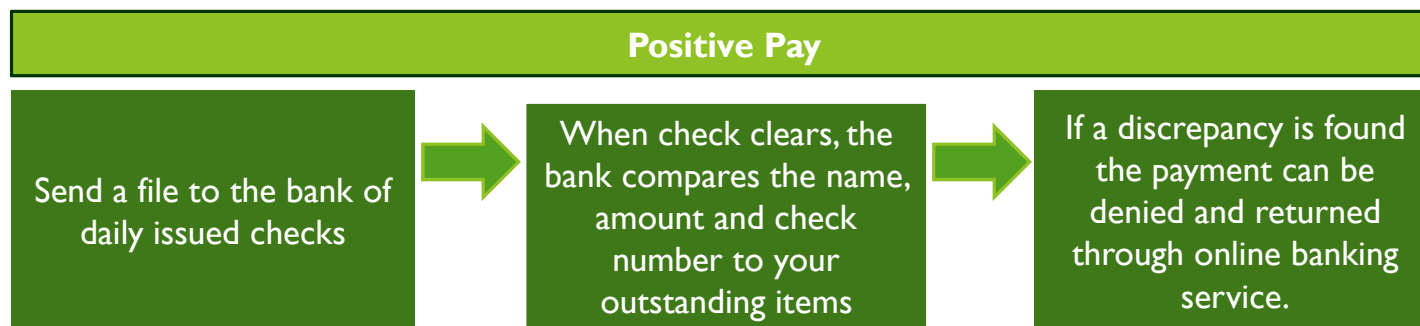
**Amounts,
payee names,
serial numbers
exhibited**

**Paper checks
can be
retained for 30
days then
destroyed**

**Daily deposit
deadline
extended. No
courier costs.**

**After
reconciliation,
download file
to server to
meet your
retention
schedule.**

BANKING SERVICES: POSITIVE PAY FOR ISSUED CHECKS



A similar process can be used with a debit block on a checking account. This would allow you to decision all debits before payments posts to your checking account.

BANKING SERVICE: CHARGE CARD PROCESSING

Is an accepted form of payment for any local unit of government and can use State of Indiana's current contract to process charge cards

Contact:

Katie Potter
Financial Portfolio Contract Manager
Indiana Department of Administration
Indiana Government Center South
402 W.Washington St., RM W468

Phone: 317-234-4998

Email: kpottel@idoa.in.gov

Local units of government can also use WEX card, T-card and P-card services under the State of Indiana's current contract.

Contact:

Abigail Chittenden
Vendor Contract Manager
Indiana Department of Administration
Indiana Government Center South
402 W.Washington St., RM W468

Phone: 317-234-6906

Email: Achittenden@idoa.IN.gov

QUESTIONS OR COMMENTS

Mike Frick
Deputy Treasurer

Indiana Treasurer of State's Office
200 W.Washington St., 242
Indianapolis, IN 46204
317-232-0140

mfrick@tos.in.gov
www.in.gov/tos/

Portfolio Manager



Office of the Indiana
Treasurer of State

Kim Logan
Deputy Treasurer

Indiana Treasurer of State's Office
302 W.Washington St., IGC-S E016
Indianapolis, IN 46204
317-233-0921

Klogan@tos.in.gov
www.in.gov/tos/

**Treasury management , Banking
products and services, or general
operational questions.**